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FOR PRIVATE CIRCULATION
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Weekly Technical Update

Equities

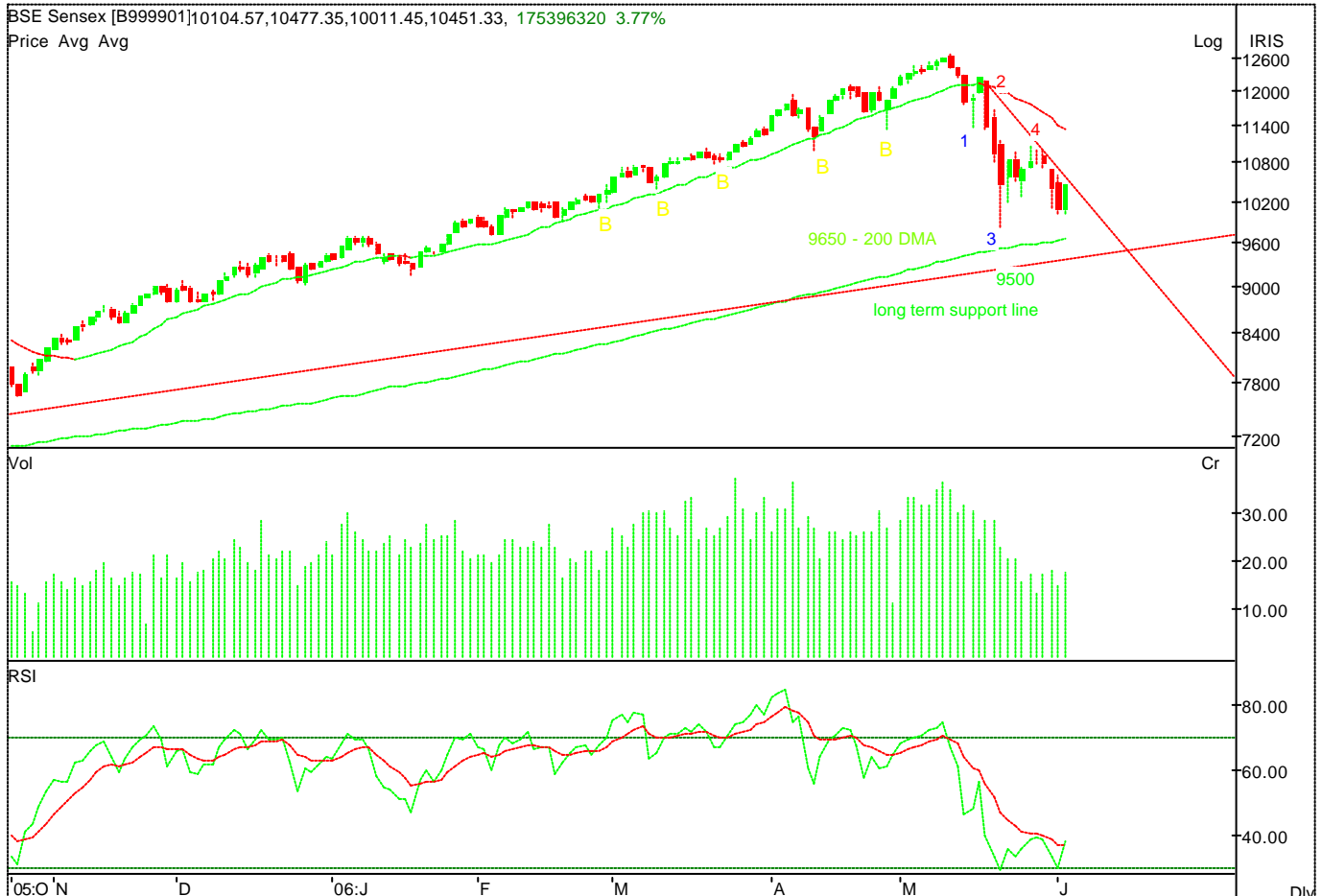
The week past and expected

The previous week most indices were almost in the red on all trading days except on Friday when the market recovered nearly 50% of the total fall of the week. On Thursday, the market closed in a critical situation at a three-month low (10071/2962) that has compelled a lot of big traders to come out of pending long positions on Friday morning in anticipation (due to external chaos - media) that it might even break the frozen levels of 9800 and 2900.

However, surprisingly, it survived on Friday on the back of positive closings of global markets and closed at 10450/3091. Once again, the market has proved that it behaves in a manner that goes against popular consensus. It was the week in which almost all sectors failed to hold on to any support levels.

Technical perspective: According to the daily line graph, it seems the market is in the process of completion of the fall. If it closes above the falling trend line (above 10500/3100) and fills the gap between 10725 and 10679 then we might consider it a completion of the fall and any minor dip would be an opportunity to re-enter the market with the short-term view.

BSE SENSEX DAILY CHART



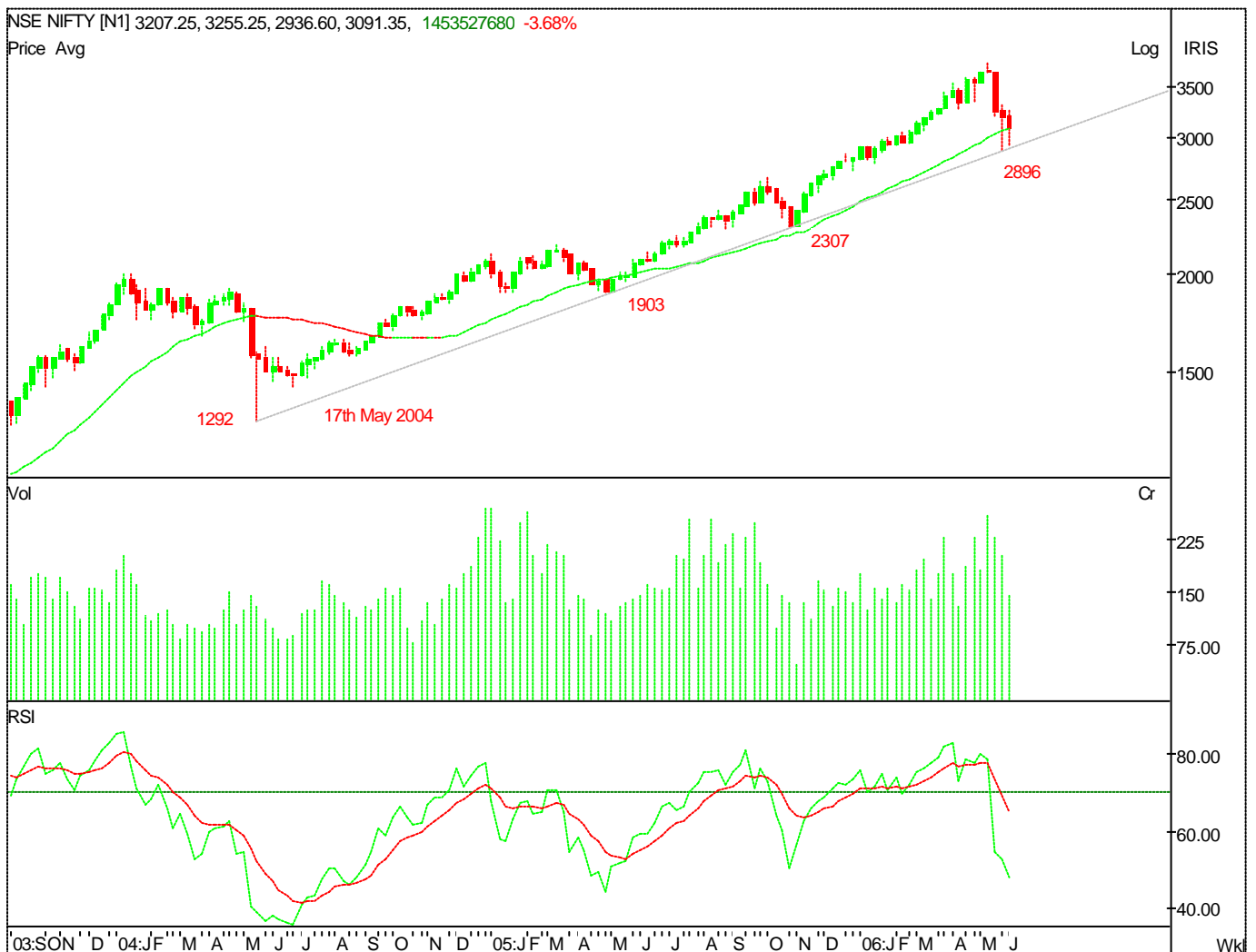
According to the weekly chart, the market trended tightly in the range of 11000 and 10000 (3255/2925 – Nifty) throughout the week. We might say the market is trying to stabilize between the range of 11000 and 10000. In the coming week, these levels might act as a trend decider level for the market. Strong sustenance of the market above the level of 11000 (3255 – Nifty) may lift the indices to the levels of 11550 or 11600 (3430-NIFTY) with minor resistance at 11350 (3330-Nifty).

However, if it fails to hold weekly lows 10000/2925 then it might dampen the bullish sentiment and might push the indices to the newer levels at 9500 and 2800. Also, it is observed that it correlates with the Nifty weekly chart on which it has taken support of the strong rising trend line (do or die trend line). If in any case the market breaks the weekly low on a closing basis then it might shift the major trend of the market downward.

Weekly strategy for aggressive traders: Trade long aggressively if the market comes between 10100 and 10150 (2980/2950 — Nifty) with the tight stop loss below 10000/2925 or sell between 10900 and 10950 (3210/3230 — Nifty) with the tight stop loss above 11050/3255-Nifty.

Weekly strategy for positional traders: Enter in long positions with the protective stop losses only if the market fills the gap between 10680 and 10720. It might be profitable (in terms of efficient money management) if overleveraged traders reduce their pending longs in the range of 11300-11400 (3300/3330).

NSE WEEKLY CHART



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